



SANDRA SHEWRY
Director

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

DATE: January 24, 2007

TO: **SMALL RURAL HOSPITAL IMPROVEMENT PROGRAM (SHIP)
GRANTEES AND SHIP APPLICANTS**

SUBJECT: **SHIP APPLICATION FOR FEDERAL FISCAL YEAR (FFY) 2007-2008**

The purpose of this letter is to transmit information regarding the FFY 2007-2008 SHIP Grant Application process.

SHIP GRANTS FOR FFY 2007-2008

The California State Office of Rural Health (CalSORH) SHIP Program is announcing the sixth year of funding. This program will again be administered through Department of Health Service's CalSORH. It is anticipated that all eligible small rural hospitals (SRH) will apply. Individual hospital grants are expected to be \$9,000.

The grant application entitled Hospital Grant Application for FY 2007 **must be submitted** to CalSORH by February 15, 2007. Applicants may complete the enclosed application form or submit it electronically using the **FORM FILL**. It is located at: www.prh.dhs.ca.gov/Programs/CalSORH/default.htm.

To be eligible for the SHIP grant, an applicant must be a SRH. All SRHs that previously received SHIP funding and still meet the eligibility requirements are invited to reapply. Any SRH that did not participate in the previous years' SHIP funding cycle and meets the eligibility criteria as a SRH is invited to apply.

For the purpose of this grant the following definitions apply: 1) SRHs are defined as having 49 or less available beds, as reported on the hospital's most recently filed Medicare Cost Report, 2) "rural" is defined as located outside a Metropolitan Statistical Area (MSA); or located in a rural census tract of a MSA as determined under the Goldsmith Modification or the Rural Urban Commuting Areas (RUCAs), and 3) "hospital" is defined as a non-Federal, short-term, general acute care facility. Hospitals may be

for-profit or not-for-profit, and include faith-based hospitals. Tribally operated hospitals under Titles I and V of Public Law 93-638 are eligible to the extent that such hospitals meet the above criteria. Rural eligibility must be confirmed at:
<http://ruralhealth.hrsa.gov/funding/eligibilitytestv2.asp>.

I. FFY 2007-2008 SHIP Application Process

An applicant may apply for any one, or all of the categories described below. Grant requests may not exceed \$9,000. Final determination of the grant award will depend on the total number of successful applicants. **Returning grantees please note the revised application form and new questions about Critical Access Hospitals (CAHs) and the hospital's number of beds. Make sure to submit the new, revised application form.**

A. Funding Categories

SHIP Grant funds are available to fund the following needs and activities:

- 1) Application toward costs related to the implementation of a Prospective Payment System (PPS),
- 2) Compliance with provisions outlined in Health Insurance Portability and Accountability Act (HIPAA), and
- 3) Implementation of Quality Improvement strategies to reduce medical errors and support quality/performance improvement. **Revised Federal guidelines state, "Efforts to reduce medical errors and support quality improvement should be part of a plan or initiative; expenditures should not be used for routine equipment replacement or capital improvements."**

B. Completion of Grant Application

All FFY 2007-2008 applicants must complete the form entitled Hospital Grant Application for FY 2007.

To help maximize hospitals' purchasing power, the Human Resources and Services Administration strongly encourages hospitals to organize into a consortium, system or network and pool grant funds with other hospital grantees in order to purchase essential technical assistance, services, training and information technology. For applicants not participating in an existing purchasing system/network, include a brief explanation for not forming a

consortium. CalSORH is required to report why hospitals decline to form purchasing consortiums.

NOTE: All applicants must include the hospital's federal identification number on the front page of the application form, below the "Hospital Name".

C. Application Timeline and Mailing Address

All applications must be received by February 15, 2006. Hospital applicants filing an electronic **FORM FILL** application should email it to myepez@dhs.ca.gov. If electronic forms are used, please also submit a signed and dated version of the completed application. Mail all applications to the address below:

Michele Yepez
California State Department of Health Services
State Office of Rural Health
P.O. Box 997413 MS 8500
Sacramento, CA 95899-7413

Should you have any questions or require assistance in completing these forms, please call Michele Yepez at (916) 449-5757. Thank you for your interest in the SHIP Program.

Sincerely,

Sandra "Sam" Willburn, Chief
Primary and Rural Health
Care Systems Branch
State Office of Rural Health

Enclosures